

Midwest Coal Reserves of IN, LLC 7100 Eagle Crest Boulevard Evansville, IN 47715 812.434.8500

February 1, 2013

Mr. Ron McAhron Assistant Director Department of Natural Resources 402 West Washington Street Indianapolis, IN 46204

RE: Request to Relocate Conservation Easement

Dear Mr. McAhron:

Attached is a "Proposed Conservation Easement Relocation" map showing two (2) separate Conservation Easements located in Warrick County, Indiana and granted to the Indiana Department of Natural Resources. These easement areas are located on the east side of Pigeon Creek and were placed on reclaimed lands as mitigation for coal mining activities by Peabody Coal Company in 1988 and 1992. The properties included in the easement are now owned by Midwest Coal Reserves of Indiana, LLC (MCRI), a subsidiary of Peabody Energy.

Currently, United Minerals Company, LLC (UMC) is planning and permitting a surface extraction coal reserve on the west side of Pigeon Creek. This reserve is a very important component of United Minerals' future business, and also contributes to the resulting low cost electricity for Indiana's citizens. It is necessary to transport the coal to the east side of Pigeon Creek for processing, refuse disposal and coal delivery to the customer. Transporting the coal to the east side of Pigeon Creek will allow these activities to take place on previously mined lands and minimize disturbance to undisturbed areas. This will also allow consolidation of processing and transportation from potential mining east of Pigeon Creek. In addition, there are not suitable avenues to transport coal from the west side of Pigeon Creek westward. Therefore, MCRI is requesting the relocation of two (2) corridors through the north easement area to allow installation of a haulroad and/or overland conveyor through the easement area. These areas are depicted as A1 (13 acres) and A2 (21 acres) on the attached map. MCRI proposes to replace these areas with B1 (19 acres) and B2 (28 acres) for perpetuity. In addition, it is proposed to replace the easement on areas A1 and A2 following mining, reclamation and bond release.

The planned future mining will occur partially in the Pigeon Creek floodplain. In order to facilitate mining in the floodplain and prevent potential upstream flooding impacts, it is necessary to lower the elevation of portions of the reclaimed land within the north easement area. This activity will alleviate the upstream flood potential and provide the opportunity for more wetland creation in the floodplain area. MCRI is requesting permission from DNR to complete the necessary excavation of areas depicted as the "Proposed Excavation Areas" map by grading material from the high areas into the adjacent water bodies to create additional wetlands.

All areas graded or filled will be left at a 390 msl elevation or lower and planted with appropriate wetland species. The footprint of the "Proposed Excavation Areas" is approximately 18 acres.

To summarize, MCRI is requesting the following:

- Approval to remove areas A1 and A2 from the current Conservation Easement area, and add areas B1 and B2 to the perpetual easement as approximately 1.4:1 compensation. In addition, areas A1 and A2 will be added back into the perpetual easement area following final reclamation and bond release. MCRI is requesting approval to initiate this transaction as soon as possible.
- Approval for UMC to grade the "Proposed Excavation Areas" to a 390 msl or lower elevation to improve flood water flow through the Pigeon Creek floodplain. MCRI is requesting permission to complete this work after all appropriate regulatory approvals are received from the Indiana DNR, US Army Corps of Engineers, Indiana Dept of Environmental Management and any other required government agency. The permitting process is underway.

The exceptions listed in the existing Conservation Easement may allow some of the activities requested above; however, MCRI believes all parties and the environment will benefit from the approval and execution of this proposal by improving flood flows through the floodplain, increasing wetland acreage, increasing the size of the protected easement area in the short term and again after mining and allowing local industry, employees and the community to benefit economically. A copy of the existing Conservation Easement is included.

Your attention to this matter is greatly appreciated. Please call me at (812) 434-8580 if you have any questions or need additional information.

Sincerely,

Bryce G. West Authorized Representative Midwest Coal Reserves of Indiana, LLC

Cc: B. Gunn, United Minerals Company, LLC

201-4914

CONSERVATION EASEMENT

THIS INDENTURE WITNESSETH, that Peabody Coal Company, a Delaware corporation, with principal offices in the County of Henderson, Commonwealth of Kentucky, authorized to do business in the State of Indiana, Grantor, for itself and its successors in title, CONVEYS and GRANTS to the State of Indiana, Department of Natural Resources, Marion County, Indiana, Holder, a Conservation Easement, as mitigation of damages to fish and wildlife resources along Pigeon Creek in Warrick County, pursuant to IC 32-5-2.6 in the following described real property (hereinafter referred to as "real property") located in Warrick County, Indiana, to-wit:

Beginning at the Northeast corner of the Southeast Quarter of the Northeast Quarter of Section 34, Township 4 South, Range 9 West; thence running South to the Southeast corner of said section; thence continuing South to a point approximately 960 feet East of the Southwest corner of Section 2, Township 5 South, Range 9 West; thence West to the Southwest corner of said section; thence North to the Northwest corner of the Southwest Quarter of the Southwest Quarter of said section; thence West to the Southwest corner of the Northeast Quarter of the Southeast Quarter of Section 3, Township 5 South, Range 9 West, thence North to the Southwest corner of the North ten (10) acres of the Southeast Quarter of the Northeast Quarter of said section; thence East to the Southeast corner of said North ten (10) acres; then North to the Northeast corner of the Southeast Quarter of the Northeast Quarter of said section; thence West to the Northwest corner of said quarter quarter section; thence North to the Northwest corner of the Northeast Quarter of the Northeast Quarter of said section; thence continuing North along the centerline of Pigeon Creek Ditch to a point approximately 620 feet East and 1,000 feet South of the Northwest corner of the Southwest Quarter of the Northeast Quarter of Section 34, Township 4 South, Range 9 West, thence continuing along the centerline of Pigeon Creek Ditch northwesterly to the intersection of said ditch and the east-west line being the North line of the Southwest Quarter of the Northeast Quarter of said section, the point being approximately 200 feet East of the Northwest corner of said Quarter Quarter section; thence East to the place of beginning; located in Warrick County, Indiana, containing 405 acres, more or less.

1. TERM

The Conservation Easement granted herein shall take effect upon completion of mining of the Millersburg No. 6 seam of coal from under the real property and of reclamation of the real property following such mining and release

of all reclamation bonds covering the real property. Except as provided in IC 32-5-2.6-3(b), the duration of the Conservation Easement granted herein shall be perpetual.

2. PURPOSE AND EXTENT

The purpose of the Conservation Easement granted herein is to retain and protect the natural values of the real property as a wetland, and to assure its availability for use as a wildlife habitat for wetland species. To that end, the following limitations are imposed on the use and development of the real property during the term of this easement:

- (a) The real property shall not be drained or filled so as to destroy or impair its character as a wetland;
- (b) Timber on the real property shall not be clear cut; any timbering of the real property shall be done in accordance with sound forest management principles;
- (c) The real property shall not be developed for any industrial, residential, or commercial use, except as otherwise provided in this instrument.

All references in this section to limitations on the use and development of the real property shall apply to the real property as a whole and to any part thereof.

3. EXCEPTIONS

The use and development limitations contained herein shall not be construed to prevent:

- (a) Exploration for or development and production of oil and/or gas; provided that disturbance of the natural surface of the land during such operations shall be minimized to the extent possible;
- (b) Exploration for or development and production of coal (but

not including production by surface mining methods, and provided that surface facilities of an underground mine shall not be sited on the real property);

- (c) Any commercial use of the real property which can be conducted without altering the hardwood, wildlife habitat, and wetland quality of the real property, such as but not limited to the commercial operation of a recreational hunting, fishing, or camping facility;
- (d) Any action or work required to correct or prevent environmental harm resulting from past mining activities.

4. NO PUBLIC ACCESS, DEDICATION OR THIRD PARTY RIGHTS

This instrument creates no third-party rights of enforcement as defined in IC 32-5-2.6-1 in any person other than the holder. This instrument creates no right of public access to or use of the real property. Nothing herein shall be construed as consent to designation of the real property as a nature preserve.

5. ASSIGNMENT

The Holder may assign its interest hereunder to any governmental entity to which its responsibilities regarding fish, wildlife, forestry and conservation may be transferred and not otherwise.

The undersigned persons executing this Conservation Easement on behalf of the Grantor represent and certify under oath that they are the duly elected, qualified and acting officers and agents of the Grantor and have been fully empowered and authorized by the by-laws or by proper resolution of the Board of Directors of the Grantor corporation, to execute and deliver this Easement, and that no Indiana gross income tax is due and payable.

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By: Howard W. Williams, President

Attest:

Assistant sacretary

STATE OF INDIANA, VANDERBURGH COUNTY SS:

the execution of the foregoing Easement.

Witness my hand and seal.

Mary Jo Moriarty, Notary Public

(Print name under signature)

My Commission Expires:

4-4-90

County of Residence:

Wanderson

APPROVED AS TO FORM & LEGALITY:

APPROVED & ACCEPTED:

Linley E. Pearson Attorney General of Indiana

Date:

Robert D. Orr Governor of Indiana

Date:

THIS INSTRUMENT PREPARED BY:

Harold S. Phipps, Director Division of Land Acquisition Department of Natural Resources 601 State Office Building Indianapolis, IN 46204

David R. Joest, Attorney at Law Peabody Coal Company 20 NW First Street P.O. Box 1112 Evansville, IN 47706

NON-COLLUSION AFFIDAVIT

STATE OF INDIANA

VANDERBURGH COUNTY

The undersigned, being duly sworn on poath says, that Peabody Coal Company is the contracting party or, that it is the representative, agent, member, or officer of the contracting party, that it has not, nor has any other member, representative, agent, or officer of the firm, company, corporation of partnership represented by it, directly or indirectly, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that it has not received or paid, any sum of money or other consideration for the execution of the annexed contract other than that which appears upon the face of the contract.

PEABODY COAL COMPANY

By: Williams President DRS

Assistant Sagram, Landerson

STATE OF THOTANA, WANDERBURGH COUNTY, SS:

Before me, the undersigned Notary Public in and for said County, this 12 day of Mesendus. 1988, came Howard W. Williams, President of Peabody Coal Company and Marid R. Gust of same, and acknowledged the execution of the foregoing affidavit.

Witness my hand and seal.

Many Je mounty, Notary Public

MY COMMISSION EXPIRES:

COUNTY OF RESIDENCE:

4-4-90

Honderson

AFFIDAVIT

STATE OF INDIANA, COUNTY OF VANDERBURGH

That the Officers and agents of Peabody Coal Company, a Delaware corporation, being first duly sworn upon oath, say that Peabody Coal Company claims fee simple ownership of the following described real estate in Warrick County, State of Indiana, to-wit:

Beginning at the Northeast corner of the Southeast Quarter of the Northeast Quarter of Section 34, Township 4 South, Range 9 West; thence running South to the Southeast corner of said section; thence continuing South to a point approximately 960 feet East of the Southwest corner of Section 2, Township 5 South, Range 9 West; thence West to the Southwest corner of said section; thence North to the Northwest corner of the Southwest Quarter of the Southwest Quarter of said section; thence West to the Southwest corner of the Northeast Quarter of the Southeast Quarter of Section 3. Township 5 South, Range 9 West, thence North to the Southwest corner of the North ten (10) acres of the Southeast Quarter of the Northeast Quarter of said section; thence East to the Southeast corner of said North ten (10) acres; then North to the Northeast corner of the Southeast Quarter of the Northeast Quarter of said section; thence West to the Northwest corner of said quarter quarter section; thence North to the Northwest corner of the Northeast Quarter of the Northeast Quarter of said section; thence continuing North along the centerline of Pigeon Creek Ditch to a point approximately 620 feet East and 1,000 feet South of the Northwest corner of the Southwest Quarter of the Northeast Quarter of Section 34, Township 4 South, Range 9 West, thence continuing along the centerline of Pigeon Creek Ditch northwesterly to the intersection of said ditch and the east-west line being the North line of the Southwest Quarter of the Northeast Quarter of said section, the point being approximately 200 feet East of the Northwest corner of said Quarter Quarter section; thence East to the place of beginning; located in Warrick County, Indiana, containing 405 acres, more or less.

That Peabody Coal Company has not executed nor given authority to anyone to execute in its behalf, any deed, mortgage, lease for more than three years, title bond, contract of sale or other instrument that might affect the title to said real estate.

That its title to said real estate has never been questioned and that no other person is in possession of any part thereof under color of title.

That all taxes, liens and assessments against said property, have been fully paid and satisfied except the following:

The 1987 real estate taxes due 1988. Also the 1988 real estate taxes due 1989 that are a lien but are not due and owing.

That there are no unsatisfied judgment s of record in the United States Court for the District of Indiana or Warrick County Courts, Indiana against the affiant.

That there is no suit pending against the affiant in any way involving the title to or interest in the above described real estate.

That no notice of mechanics' lien has been filed against said real estate within one year last past and that no work or labor has been performed or material furnished upon said real estate within sixty days from this date.

This affidavit is made for the purpose of inducing the State of Indiana, Department of Natural Resources to accept a conservation easement on said real estate.

PEABODY COAL COMPANY

By Howard W. Williams DA

Attest

David R. Joest Assistant Secretary

STATE OF INDIANA, VANDERBURGH COUNTY, SS:

Before me, the undersigned Notary Public in and for said County, this /o² day of //www., 1988, came Howard W. Williams, President of Peabody Coal Company and David R. Joest of same, and acknowledged the execution of the foregoing affidavit.

Witness my hand and seal.

May To Morrity Notary Public

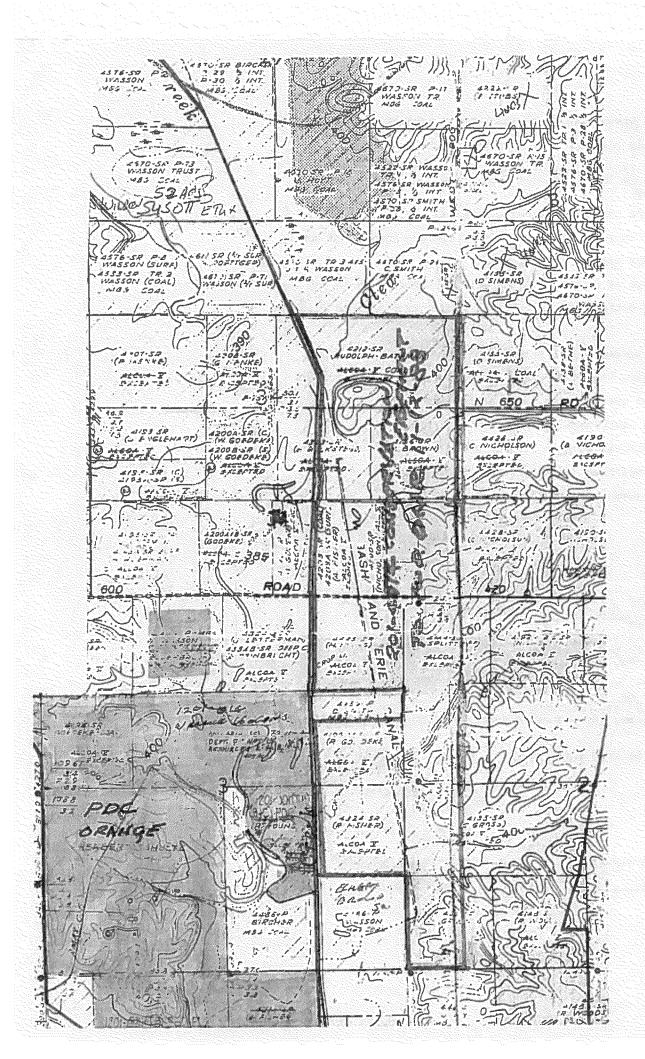
Mary Jo Meriarty
Printed Name

My commission expires:

4-4-90

My county of residence is:

Nenderson





DEPARTMENT OF THE ARMY

LOUISVILLE DISTRICT, CORPS OF ENGINEERS
P O. BOX 59
LOUISVILLE, KENTUCKY 40201-0059

February 5, 1988

CEORL-OR-FN U88-042-28

Mr. David Phillips, Permit Section Head Indiana Department of Natural Resources Division of Reclamation P.O. Box 147 Jasonville, Indiana 47438

Dear Mr. Phillips:

This is in regard to the proposal by the Peabody Coal Company to surface mine coal at the N. MBG Pit, adjacent to Pigeon Creek in Warrick County, Indiana. This proposal has been identified by your office as Permit No. S-00216. This proposal would result in the placement of fill in wetlands adjacent to Pigeon Creek, including a portion of the Wabash-Erie Canal, in connection with a surface mining operation.

We have reviewed the proposal for this surface mining operation in accordance with our regulations found at 33 CFR, Section 330.5(a) (21). We have determined that the mitigation plan as proposed and finalized by the Peabody Coal Company and forwarded to this office by letter dated January 27, 1988, is acceptable. Therefore, this proposal is authorized by the nationwide permit found at 33 CFR, Section 330.5(a)(21), provided that the proposed mitigation plan is included as a part of the reclamation plan incorporated in the Surface Coal Mining Permit issued by the Indiana Department of Natural Resources, Division of Reclamation, for this project.

A copy of this letter is being forwarded to Mr. Ron McAhron, Peabody Coal Company: If we can be of any further assistance to you, please contact us by writing to the above address, ATTN: CEORL-OR-FN, or by calling Mr. George Recktenwald at (502) 582-5607.

Sincerely,

Kenneth Mathews Chief, Operations and

Readiness Division



PEABODY COAL COMPANY

1951 Barrett Court P.O. Box 1990 Henderson, Kentucky 42420-1990 (502) 827-0800

December 22, 1987

Mr. Dave Hudak, Supervisor U.S. Fish & Wildlife Service Bloomington Field Office 718 North Walnut Street Bloomington, IN 47401

RE: PEABODY COAL COMPANY LYNNVILLE MINE MILLERSBURG (N.MBG1) PERMIT

Dear Mr. Hudak:

This letter is being written in response to Mr. Litwin's call of December 16, 1987 regarding my December 4, 1987 letter on the above referenced matter. I was pleased that Mike got back to me as quickly as he did and even more pleased that the issues raised were basically questions of semantics or areas where we had erred through oversight. In short it seemed to me that we had no real substantive differences on this matter, pending of course the Corps choice of administrative process for handling the matter.

Mike indicated he would send me a written list of concerns and I would welcome that. Based on my notes, I believe the following addresses the concerns he raised in our phone conversation.

- 1) A revised version to Attachment B from my 12-4-87 letter is attached. I explained to Mike that we proposed the percentages for two basic reasons: a) reclaimed land seldom turns out to be 100% as predicted and we sought some flexibility while keeping to good wildlife principles; and b) part of the "wildlife" post mining land use acreage (about 30 acres) included the levee which would not be appropriate for tree planting. The revised language deletes the percentages and commits to hardwood plantings on all areas except the levee and the water impoundments within the Post Mining Land Use Wildlife Area I.
- 2) Revised copies of Attachment D from my 12-4-87 letter are attached. The new deeds further clarify the mineral rights exceptions which we would reserve under the Special Corporate Warranty Deeds.
- 3) A revised copy of Attachment E from my 12-4-87 letter is attached. The new conservation easement attempts to clarify the exceptions with respect to mineral development (a) and (c) protection of the integrity of the area vis-à-vis commercial use of the property.

Page 2 December 22, 1987

Mike and I also discussed the upland area and our reclamation plans for it. We have initiated discussions with the Division of Reclamation concerning this area and will keep you advised of the progress of these discussions.

Thank you again for promptly passing along your concerns on the original proposal. If I have missed anything or if the attached does not adequately address the concerns, please contact me. The revised attachments included replace their counterparts from the 12-4-87 letter which otherwise remains as originally written.

Sincerely,

Ron SM: Aleron

Ron McAhron, Manager Environmental Affairs-IN

RM: ag Attachments

cc: IDNR Div. of Fish & Wildlife
ATTN: Dave Turner/Scott Pruitt

IDNR Div. of Nature Preserves ATTN: Art Spingarn

IDNR Div. of Reclamation ATTN: Ed Theroff

COE Louisville District ATTN: George Recktenwald

D.R. Joest D. L. Stevenson Lynnville Mine

Pizabodu

PEABODY COAL COMPANY Indiana Division

One Rivertiont Place 20 Nonhwest First Street P.O. Box 1112 Evensville, Indiana 47706 (612) 425-3738

December 4, 1987

811 827 B800 Mr. Dave Hudak, Supervisor U. S. Fish and Wildlife Service Bloomington Field Office 718 North Walnut Street Bloomington, IN 47401

Re: Peabody Coal Company Lynnville Mine Millersburg (M.MBG-1) Permit

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Dear Mr. Hudak:

Thank you for the copy of the summary memo from our October 28th meeting. With a few minor exceptions, I would agree with your summation of the topics discussed. The exceptions are not substantive, and I would prefer to address what I would call the conditions" the various agencies represented at the meeting wish to see imposed on this project. Before discussing our proposed resolution of the conditions I must reiterate our previously stated position relative to the Section 404 permit. expended considerable time in discussions and site visits in an attempt to reach agreement with the various wildlife agencies interested in this project. We are now drawing very near to our projected start up time for development work in the area. I do not believe that it would be possible to obtain an individual permit even in absence of adverse comment from parties outside of the current participants in this process. I believe that pursuit of the individual permit at this time would be little more than administrative rehash of what can already be accomplished through the Division of Reclamation permit and the other agreements I will address in the balance of this letter. So that everyone is clear on this point, the proposals we are making here are contingent upon this project receiving a nationwide 404 authorization. If it is subsequently decided that an individual 404 permit will be required for the project we will have to reconsider the entire matter.

In an attempt to satisfy the "conditions" you have identified and our needs in a mutually satisfactory fashion we would propose to:

Peabody will modify the N.MBG-1 permit to designate the triangular wetland area in the northwest corner of the permit area as a "no mining area". Proposed language to that affect is presented in Attachment A.

Mr. Dave Hudak December 4 1987 Page 2

- 2. Peabody will modify the N.MBG-1 permit to include a relocation of the topsoil stockpile and the southwest sediment basin (E2-S/P) that will allow for preservation of approximately 500 feet of the Wabash-Erie Canal corridor. Again proposed language is included as Attachment A.
- You have proposed that we mitigate the impacts of our mining by dedicating acreage to be preserved in a natural wetland condition at a 2:1 ratio compared to the wetland we will We are proposing to accomplish this by reclaiming a wetland area after mining and subjecting the owned portion of this area to a wetland easement, and by conveying an additional 80 acres of undisturbed land to the state for preservation purposes. To maintain some flexibility for us in reclamation and to create diversified wildlife habitat, we would propose to modify the N.MBG-1 permit to provide that a minimum of 40 percent of the area designated as wildlife area I (including the water acreage included within the wildlife area) will be reclaimed to water of varying depth with water level control outlets. In addition, a minimum of 40 percent of the area will be replanted with hardwood tree species (the actual mixture to be selected from: red oak. black walnut, bald cypress, red gum, sycamore, cottonwood, white oak, swamp chestnut, oak, pin oak, black gum, red maple and river birch) with the remaining (20 percent maximum) acreage to be left as open areas to increase edge and overall diversity. This would yield roughly 93 acres of both water and hardwood with remaining 47 acres (maximum) as open area. This commitment taken with the offsite 80 acres closely approximates the 2:1 guideline while recognizing that some variability in reclaimed land forms will occur in an operation such as this. The portion of the reclaimed wetland which Peabody owns would be subjected to a uniform conservation easement in the form enclosed. Please note that the above acreages or percentages do not include the uncontrolled properties nor the northern extremity of the deed restriction area that as presented in Attachment E encompasses the southern onethird of the 291 lake.
- 4. Peabody will attempt to reach an agreement with the Division of Reclamation regarding changing all or part of the pasture post-mining land use area to wildlife. While we are not opposed to your suggestion in theory, the regulatory problems we discussed on the 28th may make this difficult to accomplish. I would prefer to leave this issue out of this agreement, which I believe is proper since the area in question is clearly not a part of the wetland nor within the 404 permit jurisdiction. We will however pursue the land use change with the Division of Reclamation, and if a satisfactory plan can be agreed to, we will be glad to create even more diverse wildlife habitat in the area than you have requested.

Mr. Dave Hudak December 4 1987 Page 3

I would like to pause here to clarify that we see the above items as naturally being incorporated into the Division of Reclamation permit. Once incorporated into this permit the Division of Reclamation performance standards and reclamation bond requirements will mandate adherence to these commitments. The remaining items are not adaptable to the Division of Reclamation permit process. We are including as Attachments C, D, and E documents we would propose to execute concurrent with the receipt of the 404 nationwide authorization.

During our discussions, these items have been basically left at the conceptual level. We have attempted to flesh out these concepts based on our understanding of the desires of the group and our needs. I would point out that at least one area of confusion has arisen relative to your summary item 6. From our meeting we believed the deed restriction issue related only to the bottomland area. In a subsequent discussion with Mike Litwin, I became aware that your intent was to address the entire N.MBG-1 area. In part, I assume this was predicated on the upland land use changes discussed above. By way of compromise on what was a misunderstood issue, we are proposing the deed restriction on the water, wildlife, and forest post-mining land use areas that lie basically in Sections 34 (Township 4 South, Range 9 West) and 3 (Township 5 South, Range 9 West). and Section 2.

I must point out that there is a potential problem for us with the deed restriction due to an encumbrance that already exists on the property. We are evaluating our options relative to this encumbrance, but Attachment E can only be offered conditionally at this time. We would ask that the balance of the proposal be reviewed and responded to in the meantime. While we will endeavor to resolve the problem, it should be recognized that the effectiveness of the deed restriction would be at least 10 years in the future. I would hate to see action on this project delayed any further for something that will not have impact for at least 10 years. I would also reiterate that it is not our desire nor in our best interest to destroy the wildlife area that would be created under this proposal.

Manage Manage

With respect to the copperbelly snake and the Wabash-Erie Canal habatit question, I firmly believe that the proposed snake distribution and habitat study will ultimately moot the question. In light of this total proposal, I would like to think we can agree that at least in this instance all reasonable protective measures will have been taken with respect to the copperbelly.

Mr. Dave Hudak December 4 1987 Page 4

By way of the copies of this document to those shown, I am soliciting their comment as well as yours. My fondest desire is that all concerned are in agreement and that this matter can be concluded quickly. I would ask that if any of those copied have questions or concerns regarding our proposal that these be conveyed as quickly as possible. If there remains unclear issues that anyone believes could be addressed in another meeting, please advise as quickly as possible.

Very truly yours,

Ron McAhron

Attachments

cc: IDNR, Division of Fish and Wildlife
Attn: Dave Turner, Scott Pruitt
IDNR Division of Nature Preserves, Attn: Art Spingarn
IDNR Division of Reclamation, Attn: Ed Theroff
COE Louisville District, Attn: George Recktenwald
Lynnville Mine
D. R Joest
D. L. Stevenson

D-1120207/pa

